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United Cigar Stores Company of America

(and Subsidiaries)

ANNUAL REPORT

Year Ending December 31, 1926

Jersey City, N. J., March 19, 1927.

To the Stockholders of

United Cigar Stores Company of America:

A statement of the financial condition of your Company, and its subsidiaries as of the close of business December 31st, 1926, is respectfully submitted herewith.

George Wattley,
Treasurer.

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the year ended December 31, 1926.

Net Profit for the year Including Enhancement of Leasehold Value, ($2,301,639.36)			$11,102,586.84
Deduct:			
Interest on Debenture Gold Bonds		$ 347,717.66	
Reserves for Federal Income Tax (1926) Estimated		900,000.00	
Dividend of 7% on Preferred Stock Outstanding		268,377.66	
Dividend Paid on Common Stock Outstanding:			
8% Cash	$3,682,622.98		
5% Stock	2,301,639.36	5,984,262.34	7,500,357.66
Surplus for year			$ 3,602,229.18
Surplus Adjustments on Issue of Common Stock		$ 916,824.56	
Less: Premium on Preferred Stock		67,212.00	849,612.56
Net Addition to Surplus			$ 4,451,841.74
SURPLUS, December 31, 1925			13,117,615.54
SURPLUS, December 31, 1926			$17,569,457.28

We have examined the accounts and records of the United Cigar Stores Company of America and its subsidiary companies for the year ended December 31, 1926, and hereby certify that the foregoing Consolidated Balance Sheet and accompanying Consolidated Profit and Loss Statement, in our opinion, correctly exhibit the condition of the Company at December 31, 1926, and the results of operation for the year.

F. W. LAFRENTZ & CO.
Certified Public Accountants.

CONSOLIDATED BALANCE SHEET

As at December 31, 1926

ASSETS

CAPITAL ASSETS:			
Real Estate, Buildings and Leaseholds (Less Depreciation)	$29,485,603.89		
LESS: Mortgages	10,701,092.30	$18,784,511.59	
Improvements to Leaseholds and Stores		4,286,334.56	
Furniture, Fixtures and Equipment		5,034,359.15	
Trade Marks, Trade Names, Goodwill, Brands		21,400,000.00	$49,505,205.30
CURRENT ASSETS:			
Cash		$ 6,800,032.73	
Notes Receivable		162,613.41	
Accounts Receivable		3,521,915.94	
Merchandise (Composed of Cigars, Cigarettes, Tobacco, Smokers' Articles, Sundry and Premium Merchandise (At Cost)		13,474,331.86	
Supplies (Consisting of Certificates, Safety Paper Stock, Building Supplies, etc.) (At Cost)		251,742.91	
Marketable Securities		6,396,461.21	
Mortgages Receivable		5,678,974.65	36,286,072.71
OTHER ASSETS:			
Miscellaneous Investments		$ 3,860,976.24	
Stock Purchased for Employees	$4,113,657.00		
LESS: Loans secured by said stock	3,500,000.00	613,657.00	
Special Deposits		37,495.55	4,512,128.79
DEFERRED CHARGES:			
Prepaid Insurance, Interest, etc.		$ 717,907.82	
Rent Paid in Advance		1,699,541.42	2,417,449.24
			$92,720,856.04

LIABILITIES

CAPITAL STOCK:			
7% Cumulative Preferred (Authorized $5,000,000.00		$ 4,527,000.00	
LESS: Treasury Stock		809,300.00	$ 3,717,700.00
Common (Authorized $60,000,000.00)			47,729,271.07
TOTAL CAPITAL STOCK OUTSTANDING			$51,446,971.07
FUNDED DEBT:			
6% Sinking Fund Debenture Gold Bonds, maturing Oct. 1, 1942			5,760,000.00
CURRENT LIABILITIES:			
Notes Payable		$ 3,000,000.00	
Accounts Payable		7,164,060.03	
Accrued Taxes		292,072.81	
Reserve for Federal Income Tax		900,000.00	11,356,132.84
DEFERRED LIABILITIES:			
Instalments Received on Employees' Stock		$ 573,205.62	
Rents Received in Advance		856,881.87	
Leasehold Bonuses Payable over period of years		430,350.00	1,860,437.49
RESERVES:			
Unredeemed Certificates, etc.		$ 3,471,419.50	
Furniture, Fixtures, and Equipment Depreciation		1,256,437.86	4,727,857.36
SURPLUS:			17,569,457.28
			$92,720,856.04

NOTE: Contingent Liability—Guaranty $214,193.75.